

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, and Joseph T. Kelliher.

Puget Sound Energy, Inc.

Docket No. EL03-169-000

ORDER APPROVING CONTESTED SETTLEMENT AGREEMENT

(Issued January 22, 2004)

1. On August 28, 2003, the Commission's Trial Staff (Trial Staff) and Puget Sound Energy, Inc. (Puget) jointly filed an Agreement and Stipulation (Settlement Agreement). The Settlement Agreement resolves all issues related to Puget that were set for hearing in Docket No. EL03-169-000 in the Commission's Order to Show Cause Concerning Gaming and/or Anomalous Market Behavior (Gaming Order).<sup>1</sup>

2. On September 30, 2003, the California Independent System Operator Corporation (ISO) filed comments objecting in part to the Settlement Agreement. The ISO filed a corrected version of its Comments on October 3, 2003. On September 30, 2003, the California Parties<sup>2</sup> and Port of Seattle, Washington (Seattle) filed comments opposing the Settlement Agreement. On October 20, 2003, Puget filed reply comments refuting the objecting parties' comments. Also on October 20, 2003, Trial Staff filed both general reply comments addressing the California Parties' objections and specific reply comments in support of the Settlement Agreement. On October 22, 2003, Trial Staff

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<sup>1</sup> American Electric Power Service Corporation, et al., 103 FERC ¶ 61,345 (2003), reh'g denied, 106 FERC ¶ 61,020 (2004).

<sup>2</sup> The California Parties are the People of the State of California ex rel. Bill Lockyer, Attorney General, the California Electricity Oversight Board, the California Public Utilities Commission, Pacific Gas and Electric Company and Southern California Edison Company.

filed a motion to supplement its general reply comments in order to address the “Information to be Provided with Settlement Agreements,” as described in a Notice to the Public issued by the Chief Administrative Law Judge on October 15, 2003.<sup>3</sup> On November 18, 2003, the presiding judge in this proceeding jointly certified the Settlement Agreement to the Commission as contested, but recommending its approval.<sup>4</sup>

3. The Settlement Agreement constitutes a reasonable resolution of these proceedings and will be approved. The Settlement Agreement reasonably addresses and resolves the charges against Puget that were set for hearing in the Show Cause Order. In this regard, Puget will be returning \$17,092, the total revenues (and not merely the profits – and thus more than could be achieved in litigation<sup>5</sup>) from Puget’s participation in alleged gaming practices.

4. Issues raised in the comments filed by the ISO, the California Parties and Seattle go to the scope of these proceedings, are thus essentially requests for rehearing of the Gaming Order and, in fact, are addressed in a rehearing order issued contemporaneously with this order.<sup>6</sup> Such matters thus need not be further addressed here.

5. This order terminates Docket Nos. EL03-169-000.

By the Commission. Commissioner Kelly not participating.

( S E A L )

Linda Mitry,  
Acting Secretary.

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<sup>3</sup> The terms of the Settlement Agreement and these various pleadings are described in more detail in the Presiding Judges’ certification. Puget Sound Energy, Inc. 105 FERC ¶ 63,024 (2003).

<sup>4</sup> Id. at P 37-42.

<sup>5</sup> Gaming Order, 103 FERC ¶ 61,345 at P 1, 2, 71

<sup>6</sup> To the extent that these issues are addressed in the rehearing order, we incorporate by reference the discussion of these issues in that order.